



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

BLM	Stan Perkes
OGM	Pete Hess Environmental Scientist III
BLM	Sue Berger Mining Engineer Technician
BLM	Steve Rigby Mining Engineer
Company	Vicky S. Miller Environmental Specialist

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, July 20, 2005
Start Date/Time:	7/20/2005 10:06:00 AM
End Date/Time:	7/20/2005 11:25:00 AM
Last Inspection:	Tuesday, June 28, 2005

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear, warm, 70's to 80's F

InspectionID Report Number: 668

Accepted by: whedberg
8/3/2005

Permittee: **CANYON FUEL COMPANY LLC**

Operator: **CANYON FUEL COMPANY LLC**

Site: **DUGOUT CANYON MINE**

Address: **PO BOX 1029, WELLINGTON UT 84542**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

7,083.71	Total Permitted
51.11	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
- ☒ State
- ☐ County
- ☒ Fee
- ☐ Other

Types of Operations

- ☒ Underground
- ☐ Surface
- ☐ Loadout
- ☐ Processing
- ☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee continues to meet the Special Permit Condition included as Attachment "A" of the current State permit which requires the quarterly submittal of all surface and ground water monitoring information in an electronic form to the Division EDI.

There are no compliance actions currently pending for the Dugout Canyon Mine permit area.

The Pace Canyon fan portal construction facilities were inspected this day. Representatives of the USDO / BLM / SLO were on site during today's inspection.

Inspector's Signature

Date Wednesday, July 20, 2005

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

Permit Number: C0070039
 Inspection Type: PARTIAL
 Inspection Date: Wednesday, July 20, 2005

Inspection Continuation Sheet

Page 2 of 4

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The Permittee informed the Division this day that an amendment to the MRP will be forthcoming which will permit the paving of the parking area (located inside the truck loading loop) at the main Mine facilities area. This will include an evaluation of the current reclamation bond amount for the site.

3. Topsoil

The Permittee has installed a silt fence on the southern edge of the North topsoil pile (atop the completed Hilfiker wall) to capture and treat runoff reporting from this pile, as well as retain the resource (See 6/28/05 inspection report).

4.b Hydrologic Balance: Sediment Ponds and Impoundments

As noted elsewhere in this report, the Permittee has a New UPDES permit in place, effective August 1, 2005. The Permittee will be able to install the discharge culvert which will report effluent from the sediment catch basin to Pace Creek when that project fits into the current construction schedule.

4.d Hydrologic Balance: Water Monitoring

Pace Creek was observed to be flowing this day.

4.e Hydrologic Balance: Effluent Limitations

The Utah Division of Water Quality has approved a new UPDES permit for the Dugout Canyon Mine. Same is essentially identical to the permit which was approved in December 2004, with the addition of two new UPDES outfall locations for the Pace Canyon fan portal facility. UPDES point 005 will permit the Mine to discharge intercepted ground water to Pace Creek. UPDES point 006 is the sediment trap discharge point for the Pace Canyon facility. The permit was approved July 12, 2005. Same remains in effect from August 1, 2005 through November 30, 2009.

5. Explosives

To date, no blasting activities have been conducted at the Pace Canyon site. The air shaft has reached a depth of approximately seventeen feet from the surface. The project manager for the Permittee, Mr. Ken Payne, indicated that the next step is to set a small hydraulic track hoe in the hole, and with a hoist / muck bucket, remove material down to a depth of approximately 47 feet. At that depth, it is anticipated that two six foot blast rounds will be necessary to complete the hole in the sandstone material. This should develop the hole depth to the top of the Gilson coal seam.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee continues to haul the mine development waste produced from the portal construction process to the permitted waste rock site located along the Carbon County road leading to the Dugout Canyon Mine.

11. Contemporaneous Reclamation

As discussed in the June 28 inspection report, there are five degasification wells which have been drilled, but which are no longer being monitored for CH₄ venting. These are G-2, G-3, G-4, G-5, and G-6. Ms. Miller indicated this day that plans are being made to plug wells G-3, G-4, and G-6 in 2005. Cost proposals to reclaim these wells have been requested. The Permittee also indicated that wells G-2 and G-5 will receive partial reclamation this year; i.e., the wells will be left open into the Mine, but capped. The current, approved plan does not allow for this, stating that when "permanent cessation of methane venting" has been completed, the wells will be reclaimed. Therefore, the Permittee must justify the need to merely cap the wells for an unspecified length of time to the Division. This must be done in an amendment to the approved plan.

16.b Roads: Drainage Controls

The Permittee has installed a water bar at the south end of the Pace Canyon disturbed area to route collected road runoff through a silt fence prior to that water entering Pace Creek. This is a temporary diversion which will be removed during the establishment of the final road drainage design. The water bar was installed at the request of the Division.

18. Support Facilities, Utility Installations

The highwall at the Pace Canyon portal has been faced up, and the underground mine workings have broken out as of the week of July 11, 2005. Workmen were pouring concrete in the formed footers for the tunnel liner and manway which will be extended out to the operational surface configuration. The tunnel liner and manway will be backfilled in order to accomplish this.